

# STRATEGIC PLAN

2018

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## I. INTRODUCTION

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**T**his Strategic Plan of the City of New Orleans Office of Inspector General (OIG) covers 2018 and is updated annually.

Strategic planning identifies missions and goals, and identifies priorities and strategies to accomplish those goals with available resources. Strategic planning is a cyclical process through which managers assess performance and examine operational methods and work plans in order to revise goals in a changing environment.

The Strategic Plan sets forth the OIG mission, the risk assessments that determine OIG priorities, and strategies for accomplishing goals. The purpose of this document is to communicate OIG priorities and strategies to the public, the Ethics Review Board, and City officials.

### **MISSION OF THE OFFICE OF INSPECTOR GENERAL**

The mission of the OIG is to deter and detect fraud, waste, and abuse, and to promote efficiency and effectiveness in operations and programs administered or funded by the City. The OIG finds facts and reports them to the Ethics Review Board and the public.

The establishing ordinance provides the OIG unique operational independence from the City's Executive and Legislative branches and encourages the OIG to work cooperatively with the Ethics Review Board. The OIG's primary responsibility is to the citizens and businesses that receive city services and pay city taxes.

## II. RISK ASSESSMENT

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The purpose of the risk assessment is to guide the OIG in its selection of projects and priorities. It is neither a definitive analysis nor comprehensive.

### ASSESSMENT CATEGORIES

The risk assessment considers the universe of city programs and operations and uses the following criteria in order of priority: public safety or public health risk; potential revenue increases or potential cost reductions; concerns expressed by city officials; and sources of widespread public concern. This plan includes an assessment of major entities of City government and an overall assessment of the current administration of the City as it nears the end of its tenure.

### **MOST IMPROVED CITY ENTITIES**

The **Louis Armstrong New Orleans International Airport** is free of significant fraud and costs have declined more than 50 percent from projections made in 2009. These improvements came about primarily because effective leaders demanded change.



In 2010 the New Orleans Aviation Board hired an airport management professional to run the airport. A few months after he arrived, he explained to me that operating costs were 28 percent of revenue at Armstrong compared to the industry average of 18 percent. By reducing costs to the national average, *he said he could build a new terminal with no increase in fees or charges to airlines.*

Further discussions led to an OIG audit of month-to-month contracts, resulting in new contracts that saved the airport \$25 million annually.

The Mayor played his part in the turnaround as well, replacing several members of the Aviation Board, some of whom had attempted to intimidate the Aviation Director into steering contracts.

When a knowledgeable manager and confident, capable elected officials work with an Office of Inspector General, great advances in performance are possible. For example, increased efficiencies led to a reduction in the cost per passenger, which dropped from \$10.20 in 2010 to \$6.74 in 2016. As a result, between 2010 and 2016 the number of carriers increased from nine to 17 and the number of destinations rose from 33 to 59.



The **New Orleans Police Department** has also made great improvement. The OIG invested in 25 audits, investigations, and evaluations of various aspects of NOPD administration and operations during my tenure. However, the NOPD will need to continue to improve in numerous operational areas before it becomes the high functioning police department that New Orleans needs. The single function most improved was the investigation of sex crimes: a 2016 OIG audit showed a significant improvement in the accuracy of NOPD sex crimes reporting.



## WORST CITY ENTITY

**The Sewerage & Water Board (S&WB)** is the worst government entity I have encountered in 40 years as a government manager. The IG's letter of August 22, 2017 stated that the S&WB internal control system was ineffective and revealed S&WB managers' indifference to preventing and reducing waste. As a result, S&WB activities have a high risk of fraud and theft.

The recent drainage failures show that an organization cannot be bad at administration but good at operations. The S&WB was created outside of city government, an act motivated in good part by a desire to avoid the corruption of city government. But placing an agency outside government to avoid corruption is a fallacy because there is no reason to believe a private entity will be more honest than government. What is clear is that the current structure reduced oversight of the S&WB and its accountability to the citizens it serves.



The S&WB culture was many decades in the making and cannot be fixed easily or rapidly.

New Orleans needs a Sewerage & Water Department reporting to the mayor like all the other departments. There is no risk in changing the *status quo* because independence has failed miserably for almost a century.

## CORRUPTION

Fraud is theft by deceit and various schemes have been revealed by previous OIG investigations and federal prosecutions. However, I believe that the largest sources of fraud losses have been discovered and dealt with: Armstrong Airport's felonious contracts, the firefighter disability pension scam, NOPD's Sex Crimes unit's failure to perform its duties, and New Orleans' historic abuse of city contracts.

There are three major investigations that have been underway for several years as they progress in the prosecutorial arena. The results may be announced this



year or next, but they will reveal schemes that are regional or national in scope in addition to corruption of the “only in New Orleans variety.”

#### **PUBLIC SAFETY RISKS**

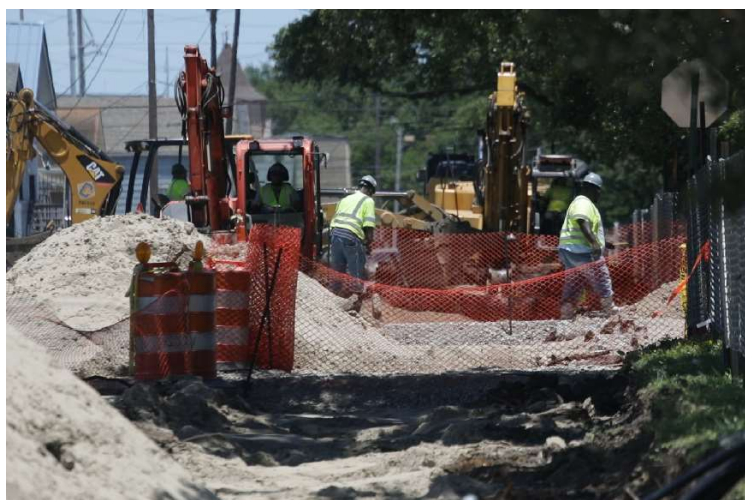
Funding inspections have been completed of the Orleans Parish Sheriff’s Office, the City’s Law Department, the New Orleans Police Department, the Traffic Court, and the Municipal Court. Reports on entities to be issued in 2018 include the Orleans Parish Juvenile Court, the Youth Study Center, the Orleans Parish District Attorney’s Office, the Orleans Public Defenders, and the Clerk of Criminal District Court. These inspections provide, for the first time, accurate and comparable financial information for the criminal justice system entities.

#### **POTENTIAL REVENUE RISKS**

The City does not appear to collect taxes efficiently and effectively. The tax collection process needs to be modernized and combined with on-site, no-notice audits. The City underappreciates the amount of additional revenue a more efficient tax collection process could create, not just from the additional potential revenues but because effective enforcement of tax collection will deter violations.

#### **PUBLIC CONCERNS**

Many streets remain in poor condition. Even when the current infrastructure reconstruction program is completed, many streets will remain in their current condition without substantial increases in revenue.



## THE LANDRIEU ADMINISTRATION

My assessment of the Landrieu Administration is based on an appraisal of its efforts to reduce fraud, waste, and abuse, and to increase the efficiency and effectiveness of city government.

In May of 2010 the City had no financial reserves and little cash. There was such administrative disarray that a requested contract could not be found. Since then, the City's administrative processes and financial management have improved greatly, and **the City now has adequate financial reserves and good bond ratings.**

The City's procurement of professional services now provides improved transparency. Changes made by the Administration were based on a 2010 OIG analysis requested by the Mayor, which was implemented consistent with OIG recommendations. The OIG has reviewed more than 100 procurement solicitations every year of this Administration, and **does not believe there is a serious risk of fraud as long as the City continues to maintain openness in the process.**



This Administration also acted boldly in taking on some of the City's thorniest problems. For example, the Administration:

- Reformed Civil Service to streamline hiring;
- Requested and implemented NOPD consent decree;
- Attempted Court consolidation;
- Developed a new procurement policy;
- Established the NOLA 311 customer service call center;



- Implemented NOLA for Life;
- Began sales of adjudicated properties and tax certificate sales;
- Established the Office of Performance Accountability and launched on-line tools such as BlightStatus, Results NOLA, Data NOLA, and NextRequest;
- Created the NOPD Office of Secondary Employment;
- Created a One Stop Shop for permits and licenses;
- Rebid garbage collection contracts, saving approximately \$4M to the city in 2017, and more than \$5M per year throughout the 7-yr term of the contract; and
- Developed the Roadwork NOLA website, with maps and project descriptions for the \$2.4B of FEMA-funded infrastructure projects.

Some of the initiatives on the list above implemented various mechanisms to increase transparency by improving communication with citizens, and some of them involved efforts to resolve deeply-rooted problems and organizational conflict. The Administration should be commended for its willingness to confront these difficult issues.

The OIG strategy to prevent and detect fraud and abuse in city operations and entities includes:

1. conducting Fraud Awareness seminars;
2. conducting seminars with publicly funded boards based on the OIG's Handbook for Boards and Commissions held;
3. conducting cyber-based analyses to identify potential fraud indicators;
4. screening new procurements exceeding \$100,000 in value;
5. monitoring high-risk City contracts; and
6. conducting investigations into allegations or indications of fraud and abuse, and referring credible evidence of fraud or abuse to prosecutors and city officials, as appropriate.

The Construction Fraud Division will continue to provide fraud deterrence activities for the construction of the new terminal at Louis Armstrong International Airport until it is opened in 2019.

The strategy to promote efficiency and effectiveness consists of reviewing those areas of city operations or programs that may offer opportunities to improve public safety or public health, to increase city revenues or reduce city expenditures, and to assess widespread public concerns.

## IV. RISK MITIGATION ACTIVITIES

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The projects listed below implement the OIG’s strategy and are intended to mitigate the risks identified in the assessment. The OIG’s work involves the evaluation of city programs and operations, and to do so requires examining and reporting on the effectiveness of policy as implemented.

Association of Inspectors General Green Book standards note that analyzing government operations and programs includes “making recommendations to improve programs, policies, or procedures.”<sup>1</sup> These standards require that auditors and evaluators identify the root cause of deficiencies reported as findings and the impact of those deficiencies.

In some cases, a properly implemented policy may result in inefficient or ineffective operations. In these instances, OIG staff examine the policy to recommend improvements in policy design and implementation.

The schedule of activities will be reviewed and modified as circumstances warrant during 2018.

### **ACTIVITIES UNDERWAY AND STARTING IN 2018**

Projects may be delayed due to the carryover of projects or actions beyond the control of the OIG, such as delays in receiving requested documents.

#### **NOPD**

- Audit of Uniform Crime Report Data – Sex Crimes / Aggravated Assault

#### **JUSTICE SYSTEM FUNDING EVALUATIONS**

- Orleans Public Defender’s Office
- Clerk of Criminal District Court
- Youth Study Center

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<sup>1</sup> Association of Inspectors General, “Quality Standards for Inspections, Evaluations, and Reviews by Offices of Inspector General,” *Principles and Standards for Offices of Inspector General* (New York: Association of Inspectors General, 2014), 33, <http://inspectorsgeneral.org/files/2014/11/AIG-Principles-and-Standards-May-2014-Revision-2.pdf>.

- Orleans Parish District Attorney's Office
- Orleans Parish Juvenile Court

#### **SEWERAGE & WATER BOARD**

- Audit of Billing & Collections
- Audit of Inventory
- Audit of Payroll

#### **AUDUBON COMMISSION AND AUDUBON NATURE INSTITUTE**

- Audit of Purchase Cards & Expense Reimbursements
- Audit of Payroll
- Audit of Disbursements
- Audit of Due To/Due From Transactions

#### **DEPARTMENT OF PUBLIC WORKS**

- Evaluation of Automated Traffic Enforcement

#### **BOARDS AND COMMISSIONS**

- Inspection of Legal Compliance RE: Meeting Minutes

**T**he NOLA OIG vision is *to be an organization that serves all the citizens of New Orleans—one that makes a positive difference in the integrity, efficiency, effectiveness, and fairness of City government.*

The OIG serves its clients as constructive critic, helpful advisor, and positive change agent. While maintaining our independence, we work in a cooperative fashion with others to improve governance of the City of New Orleans.

Our aim is to deter those who would commit fraud or abuse their position. Failing that, our aim is to cause them to be held accountable for their misconduct. We also seek to contribute materially to government efficiency and effectiveness—to make a positive difference in the delivery of services to the City’s citizens.

## VI. GOALS

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The OIG is an oversight organization and accomplishes its mission principally through audits, evaluations, inspections, investigations, and other fact-finding and reporting activities. OIG mission effectiveness is guided by the following goals:

- **RELEVANCE:** Focusing OIG activities on the right issues at the right time;
- **CREDIBILITY:** Performing the work in a professional manner; and
- **COMMUNICATION:** Reporting the results of our work in a manner that achieves maximum impact and encourages expeditious action.

We believe that accomplishing these broad goals represents the best performance possible by an OIG.



## VII. PERFORMANCE MEASURES

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One or more sub-goals are presented for each goal, and performance measures and validation means are identified for each.

### **GOAL: RELEVANCE**

OIG resources are directed to the issues of greatest concern; important projects are selected for review.

#### **PERFORMANCE MEASURES**

- Strategic plan assessed risks for the universe of City of New Orleans and its component and satellite entities responsibilities and operations. (Y/N)
- Resources were assigned according to priorities based on a risk assessment. (Y/N)

### **GOAL: CREDIBILITY**

Reviews are performed by independent staff of sufficient competence to achieve review objectives in accordance with professional standards.

#### **SUB-GOAL 1: *INDEPENDENCE***

OIG staff is organizationally and personally independent.

#### **PERFORMANCE MEASURE**

IG Certification of Independence prior to commencement of projects and in final reports. (Y/N)

#### **SUB-GOAL 2: *COMPETENCE***

OIG staff possesses the knowledge and skills to achieve the objectives of OIG projects.

## **PERFORMANCE MEASURES**

- Percentage of staff meeting continuing professional education requirements.
- Percentage of audit and investigative staff with national certification(s).
- Percentage of audit and evaluation staff with advanced degrees and professional certification(s).

### **SUB-GOAL 3: *METHODOLOGY***

The methodology employed meets professional standards and is appropriate to review objectives.

## **PERFORMANCE MEASURES**

- Percentage of reviews meeting applicable professional standards.
- Percentage of draft findings sustained in final reports.

## **GOAL: COMMUNICATION**

Findings and recommendations reported achieve maximum impact and encourage corrective action.

### **SUB-GOAL 1: *QUALITY***

Information presented is accurate and complete; findings identify underlying causes of reported problems; and recommendations are effectively communicated to decision makers.

## **PERFORMANCE MEASURES**

- Instances of factual errors or material omissions in final reports.
- Percentage of recommendations accepted.
- Annual Quality Assurance Review reports.

### **SUB-GOAL 2: *FORM AND CONTENT***

OIG reports meet all form and content expectations established by city ordinance and professional standards.

#### **PERFORMANCE MEASURE**

- Identified instances of failure to meet or satisfy form and content requirements.